Saskatchewan

Minister
of Energy
and Mines

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MINERAL RESOURCES ACT, 1985; CROWN MINERALS ACT

This White Paper is being circulated to solicit input from interested parties and provide a basis for industry/government consultation on two new statutes proposed to replace the current Mineral Resources Act.

As outlined in the attached Paper and draft statutes, the intention is to separate the legislative powers of the province over non-renewable resources from it's powers as the owner of minerals, and at the same time further simplify and consolidate existing legislation.

Suggestions, views and opinions on the proposed legislation are welcome. Submissions should be forwarded in writing by February 18, 1985 to:

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Minister of Energy and Mines

Attachment

WHITE PAPER

JANUARY, 1985

Introduction

The present Mineral Resources Act contains the legislative authority for the province to control non-renewable resource development, management and conservation. It also details the powers of the province as the owner of Crown minerals and provides the authority for granting the right to develop those minerals to other persons.

With the dramatic increase in resource development that has taken place in recent years it has become evident that these two powers are not clearly distinguished from one another in The Mineral Resources Act, and in fact are combined in a confusing and somewhat ambiguous manner.

As the management and development of non-renewable resources becomes more complex and sophisticated, it becomes more imperative that provincial legislative powers are clear, concise and free from misinterpretation. The Department of Energy and Mines is therefore proposing to separate the two powers into two Acts: The Crown Minerals Act, which would contain provisions dealing with Crown ownership and disposal of mineral rights, and The Mineral Resources Act, 1985 which would detail the province's general powers over the management, conservation and development of non-renewable resources in the province.

There are a number of other reasons for reforming the current Mineral Resources Act at this time:

New Constitutional Powers

The recent constitutional amendments enhancing the province's powers over resources also provide stimulus for reform. While subsections 92(5), 92(13) and 92(16) of The British North America Act (now The Constitution Act, 1967), conferred authority on the provinces to pass laws in relation to natural resources, constitutional challenges over the past decade have created some uncertainty as to when provincial resource management powers cease, and federal constitutional powers to control export markets and national trade and commerce begin.

Section 92A, the new "resource amendment" to the Constitution, reiterates and reinforces the powers of the province as they existed before 1982. As it is felt that the provinces constitutional powers over resource management, conservation and development are strengthened by the inclusion of this amendment, it is proposed to incorporate its language into The Mineral Resources Act, 1985. Although the subject matter of the existing Mineral Resources Act clearly falls under 92A(1), it was felt an express statement of the legislative intention to exercise powers recognized under 92A(1) would be a further aid in the proper characterization of The Mineral Resources Act.

Consolidation of Legislation

The Department of Energy and Mines currently administers two pieces of legislation which contain resource development rules substantially duplicated in The Mineral Resources Act. The Coal Conservation Act and The Natural Gas Development and Conservation Board Act provide an

administrative structure (i.e. conservation boards) to recommend resource management or pricing schemes to the government. Neither of the conservation boards are currently established, nor have they been used in recent times. It is proposed that The Mineral Resources Act, 1985 would contain a section containing a broad authority for the government to establish advisory boards if the need arises in the future. This would allow for the department to streamline provincial resource legislation by repealing the two obsolete Acts.

Repeal of The Oil and Gas Conservation , Stabilization and Development Act (Bill 42)

The Oil and Gas Conservation, Stabilization and Development Act was introduced by the prior government in 1973. It imposed a mineral income tax on oil and gas revenues. As well, the legislation effected the expropriation of all oil and gas rights in producing tracts within the province as of January 1, 1974 and required compensation to be paid for that expropriation.

The introduction of this legislation caused a furor in the oil and gas industry and one oil corporation, Canadian Industrial Gas and Oil Limited, successfully challenged its validity in the Supreme Court of Canada. The Court did however, uphold the powers of the province to acquire the oil and gas rights in a producing tract. Although the provisions of Bill 42 which have been struck down by the Supreme Court are no longer of any effect, the Crown acquisition and compensation

provisions of Bill 42 are still valid, and it is proposed to include them in the new Crown Minerals Act. The repealing of the rest of Bill 42 is proposed as a further streamlining and consolidation of the resource legislation.

Miscellaneous Improvements

The existing Mineral Resources Act contains a number of references to administrative functions no longer carried out by the Department of Energy and Mines. It is proposed that the revised Act be modernized to clarify these miscellaneous "housekeeping" functions.

Within the context of the general reforms outlined above, the following are further specific reforms proposed for the new Acts:

The Mineral Resources Act, 1985

The present Mineral Resources Act contains many unnecessarily lengthy and complex definitions. The complexity of these definitions is aggravated by the fact that there are redundant and obsolete concepts which occur throughout the statute.

The proposed Mineral Resources Act, 1985 would clarify the current definitions and add some new ones to more accurately describe the subject matter of the new statute. For example, in subsection 2(1)(g) of the attached draft the definition of "mineral resource" appears for the first time. Similarly, subsection 2(1)(k) contains a definition of "primary production" which conforms to the language of the resource amendment to the Constitution.

Section 3 of the proposed Act contains a statement incorporating some of the language of section 92A(1). The remaining provisions of the

Part 1 contain clarifications and modernizations of the administrative elements of the present Mineral Resources Act.

The regulation making powers of the Lieutenant Governor in Council in Section 9 have been thoroughly reviewed and modernized. A significant number of functions for the Department of Energy and Mines outlined in the present Act are now, or may in the future be performed by other Departments or agencies, and reference to them would be deleted in the new Act. These include:

(1) surface rights arbitration;

(2) promotion of safety in mines;

(3) environmental protection.

As well, references in the regulation making sections of the old Act to the potash prorationing scheme have been deleted due to the decision of the Supreme Court in Central Canada Potash vs. Government of Saskatchewan.

Additions to the regulation making authority include a power to establish conservation boards if required, and the authority of the minister to subdelegate routine administrative procedures.

The Crown Minerals Act

The definition section of this Act would contain definitions derived from the present Mineral Resources Act which are applicable to Crown dispositions. The definitions have been clarified and modernized, and drafted to conform with either existing or proposed concepts in new

disposition regulations which are currently being prepared for review by industry representatives.

Section 3 indicates that the new Act will not only apply to Crown mineral rights disposed in the future, but also to existing Crown dispositions issued under the present Mineral Resources Act. However, sections 11 and 12 preserve the rights and interests set out in any Crown disposition issued under the present Mineral Resources Act except to the extent that they are modified by the new Act or the regulations. Section 12 also preserves the right of a holder of a current disposition to renew or extend his disposition under the new Act.

In the Part entitled "Crown Dispositions", many of the contemporary procedures for the disposing of Crown mineral rights by the Minister have been articulated. For example, Section 5 indicates that the Minister may dispose of Crown mineral rights through the bid system at public land sales. It also recognizes that he may issue Crown dispositions to any holder who is qualified to apply for a superior disposition, (i.e., for a lease from a mineral claim).

Section 7 recognizes that the Minister may dispose of the mineral rights to geological strata. The provisions of this Part also contain the powers of the Minister to act when a disposition holder is in arrears for rents or royalties, or is in breach of the Act and regulations.

The new Act now specifically recognizes that the extraction and removal of minerals from Crown lands be done under a lease, as the lease

is the only recognized production disposition. Sections 14 and 15 detail the reservation of royalties to the Crown.

One of the reforms that has been proposed for the various new disposition regulations (which would fall under the proposed Crown Minerals Act) is the creation of security notice registry systems. Under these systems, when the developer of a crown disposition desires financing, he may grant a security interest in the disposition to the financing institution, and that institution in turn would be allowed to register a notice in the department that it has taken a security in the disposition. The systems are being proposed in order to lend greater certainty and security to the acquisition of financing by mineral developers, and to provide a centralized location for the registration of financial arrangements affecting Crown dispositions.

A number of miscellaneous provisions in the present Mineral Resources Act applicable to Crown dispositions have been modernized and clarified in the "General" part of the proposed Crown Minerals Act. For example, section 17 preserves the Minister's powers to enter into unitization agreements, while section 18 reinforces the notion that Crown dispositions do not grant right of entry, nor imply a consent to the use of surface lands. Section 19 retains the power of the Minister to order the reinstatement of any disposition rights which may have been cancelled due to a breach of the regulations or the Act.

The part of the proposed Act entitled "Crown-acquired lands" preserves the sections of The Oil and Gas Conservation, Stabilization and Development Act dealing with compensation to the previous owners of

acquired oil and gas rights. The remainder of Bill 42 would be repealed with the enactment of these provisions.

Summary

The proposed statutes are designed to clarify and strengthen the province's powers both as a mineral rights owner, and as a legislator with respect to resource development, conservation and management. The new legislation would be the final step in the legislative reform intitiatives undertaken as a result of the constitutional amendments of 1982 which have resulted in the enactment of new freehold taxation legislation (The Freehold Oil and Gas Production Tax Act; The Mineral Taxation Act, 1983). The desired result would be a streamlined, clarified and modernized legislative base, intended to relieve the frustrations and confusions felt by both industry and government when faced with unnecessarily complex and unwieldy legislation.

Draft: December 20, 1984

Saskatchewan Department of Energy and Mines White Paper: Proposed text of The Mineral Resources Act, 1985

An Act respecting the Exploration for and the Development, Conservation and Management of Mineral Resources

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

Short Title and Interpretation

1. This Act may be cited as The Mineral Resources Act, 1985.

2. - (1) In this Act:

(a) "Crown" means Her Majesty the Queen in right of Saskatchewan;

(b) "Crown disposition" means a Crown disposition as defined in The Crown Minerals Act;

(c) "Crown mineral lands" means all lands in Saskatchewan, and all rights thereto and interests therein, in which the mineral rights are the property of the Crown, whether or not the surface rights in any of those lands are also the property of the Crown;

(d) "department" means the department over which the minister presides;

(e) "mine" means any facility in Saskatchewan for extracting, recovering or producing any mineral except oil or gas from a mineral resource, and includes any facility in Saskatchewan associated

with the mine at or in which the primary production from the mine is processed or refined;

(f) "mineral" means any non-viable substance formed by the processes of nature, irrespective of chemical or physical state and both before and after production, but does not include any agricultural soil, or sand or gravel that belongs to the owner, other than the Crown, of the surface of the land or any other prescribed substance;

(g) "mineral resource" means any mineral that may be found upon, in or under any lands in Saskatchewan, including without limitation any reservoir of oil, gas, or oil and gas and any ore body containing any mineral;

(h) "mineral rights" in any lands means the rights existing in any person to extract, recover or produce any one or more minerals upon, within or under those lands, whether or not the title to the minerals is severed from the title to the surface, but shall not include water rights;

(i) "minister" means the member of the Executive Council to whom for the time being the administration of this Act is assigned;

(j) "prescribed" means prescribed by regulation from time to time by the Lieutenant Governor in Council;

(k) "primary production" means a mineral produced from a mineral resource that is:

(i) in the form in which it exists upon its recovery or severance from its natural state; or

(ii) any product resulting from processing or refining that mineral, other than a manufactured product or a product resulting from refining crude oil, refining upgraded heavy crude oil, refining gases or liquids derived from coal or refining a synthetic equivalent of crude oil;

(l) "well" means:

(i) any opening in the ground within Saskatchewan from which oil, gas, or oil and gas or other hydrocarbons are, have been, or are capable of being produced from a reservoir;

(ii) any opening in the ground within Saskatchewan from which any other mineral is, has been or is capable of being produced in gaseous or liquid form or in solution or suspension with a liquid;

(iii) any opening in the ground that is made for the purpose of:

(A) obtaining water to inject into an underground formation;

(B) injecting any substance into an underground formation;

(C) storing oil, gas or other hydrocarbons underground; or

(D) monitoring reservoir performance and obtaining reservoir information; and

(iv) any facility in Saskatchewan associated with any well mentioned in clauses (i), (ii) or (iii) at or in which any primary production is processed or refined;

but excludes a seismic shot hole, structure test hole or oil shale bore hole.

(2) This Act is binding upon Her Majesty the Queen in right of Canada or in right of any province, and upon any

person acting for or on behalf of Her Majesty the Queen in right of Canada or in right of any province.

Application

3. This Act applies to:

(a) all exploration for mineral resources in Saskatchewan;

(b) all development, conservation and management of mineral resources in Saskatchewan; and

(c) all primary production of minerals from mineral resources in Saskatchewan.

4. (1) In the case of any conflict between the provisions of this Act or the regulations made hereunder and the provisions of any other statute or law in force in Saskatchewan from time to time, the provisions of this Act or the regulations made hereunder prevail to the extent of the conflict.

(2) Subsection (1) does not apply to a provision of a statute enacted by the Legislature, or to a provision of any regulation made thereunder, that either expressly or by implication is to operate notwithstanding the provisions of this Act or the regulations made hereunder.

Administration

5. The minister or any officer of the department authorized by the minister to do so may enter upon any lands for the purpose of gathering information respecting a mineral resource or primary production and may enter any premises, structure or works for the purposes of making enquiries or gathering information, and may take from any of those places representative samples of minerals for the purpose of testing or analysis, and for any of those purposes he may use all machinery, equipment, appliances and things as he considers necessary or expedient, and he shall be:

(a) given free ingress and egress to, from and over all buildings and structures used in connection with the operation of any mine, well or any plant or works at which the production therefrom is treated or refined in any way or any building or office at which are kept any books or records pertaining to the operation of any mine or well or the treatment or refining of the production from any mine or well; and

(b) given full and complete access to all records relating to exploration or development programs

carried out in Saskatchewan whether such records are maintained in written, typewritten, printed or photographic film form or entered or recorded by any system of mechanical or electronic data processing or information storage, and may examine the same and take copies or extracts therefrom.

6. Except insofar as is necessary to do so for the purposes of this Act, the regulations or any other statute or regulations administered by the department, information acquired by any officer or employee of the department pursuant to this Act, the regulations or any Crown disposition shall not be communicated or disclosed by him to anyone in such a manner that it is possible from any such communication or disclosure to relate any such information to the person from whom it was acquired, the exploration or development program to which it relates or the specific location within Saskatchewan of any minerals or mineral resources which were identified or evaluated in such information.

7. Every officer or employee of the department who, while holding the office or employment, makes a discovery of a valuable mineral upon any Crown mineral lands available for Crown disposition shall promptly notify the minister of

that discovery and may, in accordance with the regulations, make application on behalf of the Crown for one or more Crown dispositions respecting the Crown mineral lands as he may consider necessary to cover the mineral discovered and probable extension thereof.

8. - (1) Subject to subsection (2), no officer or employee of the department shall directly or indirectly, by himself, or by any other person, purchase or acquire any interest in any mineral resource or any mine or well situate in Saskatchewan.

(2) An officer or employee of the department may own securities in a publically listed corporation which has an interest in a mineral resource or a mine situate in Saskatchewan provided that the officer or employee is not an insider of the corporation within the meaning of The Securities Act.

(3) No officer or employee of the department shall take or receive any fee or compensation from any person other than the Crown that is related in any way to his position or office of employment or the performance of his duties thereunder.

(4) Any officer or employee who contravenes any provision of this section is liable on summary conviction to

a penalty of $1,000 and, in addition, any purchase or acquisition of any interest in a mineral resource or any mine or well in contravention of subsection (1) is voidable at the discretion of the minister.

(5) No prosecution under this section shall be commenced without the consent of the Attorney General.

(6) An officer or employee who is convicted under this section shall forfeit his office or employment.

Regulations and Orders

9. - (1) The Lieutenant Governor in Council may make regulations and orders not inconsistent with this Act in order to:

(a) facilitate the orderly exploration for and development of mineral resources in Saskatchewan;

(b) ensure the prevention of waste; or

(c) ensure the greatest possible ultimate recovery of minerals in Saskatchewan by prudent and proper operations and practices and the prudent and proper management of mineral resources.

(2) Without limiting the generality of subsection (1), the Lieutenant Governor in Council may make regulations and orders:

(a) defining any word or expression used in this Act;

(b) prescribing anything that is, by this Act, to be prescribed by regulation or is to be determined or regulated by regulation;

(c) providing for the delegation of any of the powers and duties of the minister under this Act to any officer or officers of the department named or designated from time to time in such regulations;

(d) where he considers it to be in the public interest, prohibiting any person from exploring for any or all mineral resources except under the authority of a licence issued to that person by the minister;

(e) prescribing the terms and conditions under which any licence mentioned in this subsection may be issued and prescribing any fees for the issue or renewal thereof;

(f) prescribing procedures for the conduct of any exploration activity in Saskatchewan;

(g) establishing one or more conservation boards with respect to any mineral or minerals, providing for the determination of the composition of and the procedures to be followed by any board and investing any board with any duties, powers or

authority not inconsistent with the objectives mentioned in subsection (1);

(h) requiring from the owners of any interest in a mineral resource or the owners, occupiers or operators of any mine or well, reports and statements of the work and operations conducted at any time with respect thereto;

(i) governing the keeping and disposing of cores, cuttings and samples obtained in exploration for or development of any mineral resource;

(j) empowering the minister to order, for the purpose of enquiring into any matter, a public enquiry deemed by the minister to be necessary or advisable for the administration of this Act or the regulations;

(k) prescribing penalties for the breach of any provision of this Act or the regulations; and

(l) respecting any other matter or thing which is incidental or conducive to the attainment of the purposes and objectives of this Act.

(3) Any regulation made from time to time under this Act may be made retroactive to, and in such case shall have full force and effect on, from and after, the day this Act

comes into force or such later date as is specified in the regulation.

10. The minister may do such things as he deems necessary respecting the exploration for and the development, management and conservation of the mineral resources of Saskatchewan and, without limiting the generality of the foregoing, the minister may:

(a) provide for the carrying out of surveys of any or all minerals or mineral resources in Saskatchewan;

(b) prescribe the form and contents of any document required or provided for by this Act;

(c) provide for the formulation and implementation of incentive programs to assist in the useful, economical and orderly development of the minerals and mineral resources of Saskatchewan or of any one or more of them;

(d) grant assistance upon such terms and conditions as he deems advisable to promote exploration for, development, management and conservation of the mineral resources of Saskatchewan;

(e) provide for the collection, arrangement and systematization of information respecting minerals and mineral resources and the operation of mines

or wells for the production of any minerals in Saskatchewan and the preparation and publication of such reports in connection therewith as he deems necessary;

(f) prescribe the fees to be paid for any information or services and reports, maps and other documents made available by the department to the public;

(g) make and carry out investigations, examinations, experiments, tests and analyses of or pertaining to minerals for the purpose of determining their scientific and economic value;

(h) establish and operate facilities for instruction and training in the art of exploring for, developing, operating, managing or conserving the mineral resources of Saskatchewan; and

(i) purchase and sell or otherwise dispose of or utilize any primary production from the mineral resources of Saskatchewan.

Offences and Penalties

11.- (1) Where, contrary to this Act, any person obstructs the minister or any officer of the department in the performance of any of his duties under section 5 or otherwise under this Act, the minister may apply ex parte to

a judge of Her Majesty's Court of Queen's Bench for Saskatchewan, and the judge may enjoin that person from such obstruction.

(2) Every person who:

(a) explores for or develops any mineral resource, or who operates any mine or well otherwise than in accordance with this Act and the regulations;

(b) unlawfully obstructs an officer of the department in the execution of his duties;

(c) knowingly:

(i) furnishes any false or incorrect information to the minister or to any officer of the department with respect to any matter or thing with respect to which information is required under this Act or the regulations; or

(ii) keeps, causes or permits to be kept any false or incorrect books or accounts or other records regarding anything required under this Act or the regulations; or

(d) unlawfully contravenes any provision of this Act or any regulation or order made thereunder for the

contravention of which no other penalty is provided;

is guilty of an offence and liable on summary conviction to a fine of not more than $5,000, if an individual, or more than $25,000, if a corporation, and in the case of a continuing offence to a further fine not exceeding $200, if an individual or $1,000, if a corporation, for each day during which the offence continues.

(3) If a corporation has committed an offence provided for in this Act or in the regulations, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence is a party to and guilty of the offence and is liable on summary conviction to the punishment provided for the offence, whether or not the corporation has been prosecuted or convicted.

12. No prosecution for an offence under this Act or the regulations or orders made hereunder shall be commenced more than one year after the date on which the offence is alleged to have been committed.

13. No prosecution for an offence under this Act or the regulations or orders made hereunder shall relieve the person prosecuted from any civil action for damages at the

suit of a person who has suffered damage, loss or injury in consequence of the offence.

Repeal

14. The following statutes are hereby repealed:

(a) The Mineral Resources Act;

(b) The Natural Gas Development and Conservation Board Act;

(c) The Oil and Gas Conservation, Stabilization and Development Act; and

(d) The Coal Conservation Act.

Coming into Force

15. This act comes into force on a day to be fixed by proclamation of the Lieutenant Governor.

Draft: December 20, 1984

Saskatchewan Department of Energy and Mines White Paper: Proposed text of The Crown Minerals Act

An Act respecting Crown Minerals and Crown Mineral Lands

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

Short Title and Interpretation

1. This Act may be cited as The Crown Minerals Act.

2. - (1) In this Act:

(a) "Crown" means Her Majesty the Queen in right of Saskatchewan;

(b) "Crown disposition" means the rights granted by the Crown under a Crown lease or any other instrument issued under this Act, or under any predecessor statute, by which the Crown has granted to any person any right or privilege to explore or prospect for any Crown mineral, or any other right to or interest in any Crown mineral or any Crown mineral lands;

(c) "Crown lease" means a lease issued under this Act, or under any predecessor statute, by which the Crown has granted to any person the right to extract, recover or produce any Crown mineral;

(d) "Crown mineral" means any mineral that may be found upon, in or under any Crown mineral lands;

(e) "Crown mineral lands" means all lands in Saskatchewan, and all rights thereto and interests therein, in which the mineral rights are the property of the Crown, whether or not the surface

rights in any of those lands are also the property of the Crown;

(f) "department" means the department over which the minister presides;

(g) "holder" means the person who is shown in the records of the department as the owner of a Crown disposition;

(h) "mine" means any facility in Saskatchewan for extracting, recovering or producing any mineral except oil or gas from a mineral resource, and includes any facility in Saskatchewan associated with the mine at or in which the primary production from the mine is processed or refined;

(i) "mineral" means any non-viable substance formed by the processes of nature, irrespective of chemical or physical state and both before and after production, but does not include any agricultural soil, or sand or gravel that belongs to the owner, other than the Crown, of the surface of the land or any other prescribed substance;

(j) "mineral resource" means any mineral that may be found upon, in or under any lands in Saskatchewan, including without limitation any reservoir of oil,

gas, or oil and gas and any ore body containing any mineral;

(k) "mineral rights" in any lands means the rights existing in any person to extract, recover or produce any one or more minerals upon, within or under those lands, whether or not the title to the minerals is severed from the title to the surface, but shall not include water rights;

(l) "minister" means the member of the Executive Council to whom for the time being the administration of this Act is assigned;

(m) "predecessor statute" means The Mineral Resources Act, and any other statute in force in Saskatchewan at any time on or before the day upon which this Act comes into force, under or pursuant to which the Crown may grant or has granted to any person any right or privilege to explore or prospect for or any right to extract, recover or produce any Crown mineral, or any other right to or interest in any Crown mineral or any Crown mineral lands, and includes any regulations, orders or other statutory instruments made under any such statute;

(n) "prescribed" means prescribed by regulation from time to time by the Lieutenant Governor in Council;

(o) "well" means:

(i) any opening in the ground within Saskatchewan from which oil, gas, or oil and gas or other hydrocarbons are, have been, or are capable of being produced from a reservoir;

(ii) any opening in the ground within Saskatchewan from which any other mineral is, has been or is capable of being produced in gaseous or liquid form or in solution or suspension with a liquid;

(iii) any opening in the ground that is made for the purpose of:

(A) obtaining water to inject into an underground formation;

(B) injecting any substance into an underground formation;

(C) storing oil, gas or other hydrocarbons underground; or

(D) monitoring reservoir performance and obtaining reservoir information; and

(iv) any facility in Saskatchewan associated with any well mentioned in clauses (i), (ii) or (iii) at or in which any primary production is processed or refined;

but excludes a seismic shot hole, structure test hole or oil shale bore hole.

(2) This Act is binding upon Her Majesty the Queen in right of Canada or in right of any province, and upon any person acting for or on behalf of Her Majesty the Queen in right of Canada or in right of any province.

(3) Nothing in this Act shall be construed to affect prejudicially any mineral rights acquired prior to the first day of April, 1931, and any mineral rights acquired prior to the first day of April, 1931, shall be deemed to be taken and held subject to the rights of the Crown and to the public right of way and water.

Application

3. - (1) This Act applies:

(a) to all Crown minerals and all Crown mineral lands in Saskatchewan;

(b) to the granting and acquiring of all rights to and interests in all Crown minerals and all Crown mineral lands in Saskatchewan; and

(c) to all Crown dispositions issued under this Act and, except as otherwise expressly provided in

this Act or in the regulations, to all Crown dispositions issued under a predecessor statute, notwithstanding the provisions of any such Crown disposition or of the predecessor statute, to the same extent and with the same force and effect as if the Crown disposition had been issued under this Act.

(2) From and after the day this Act comes into force, no right to or interest in any Crown mineral or any Crown mineral lands shall be granted to or acquired by any person except under a Crown disposition issued by the minister under this Act.

(3) Notwithstanding subsections (1) and (2), this Act does not apply to the sale, assignment or transfer of Crown mineral lands owned by Saskatchewan Power Corporation, Saskatchewan Oil Corporation, Saskatchewan Mining and Development Corporation, Potash Corporation of Saskatchewan, Saskatchewan Telecommunications, Saskatchewan Government Insurance or a corporation created under The Crown Corporations Act or any predecessor statute creating or authorizing the creation of Crown corporations.

4. In the case of any conflict between the provisions of this Act or the regulations made hereunder and the provisions of The Mineral Resources Act, 1985, the

provisions of this Act or the regulations made hereunder prevail to the extent of the conflict.

Crown Dispositions

5. Subject to the provisions of this Act and the regulations, the minister may issue Crown dispositions:

(a) to any person who has made an application therefor in accordance with the regulations;

(b) where he determines it to be in the public interest, by agreement or lease entered into with any person upon terms and conditions approved by the Lieutenant Governor in Council;

(c) pursuant to the acceptance of an offer to purchase a Crown disposition submitted in connection with a sale by public tender; and

(d) to any holder of a Crown disposition which entitles the holder to apply for or obtain another Crown disposition.

6. - (1) Except as otherwise provided in this Act, any disposition issued under this Act:

(a) shall be issued for a period;

(b) shall be in a form; and

(c) shall contain the terms, conditions, restrictions and stipulations,

as the regulations may prescribe from time to time.

(2) Except as otherwise provided in this Act or the regulations, the minister may prescribe the form and contents of any documents required or provided for by this Act including, without limitation, the form and contents of any Crown disposition to be issued under this Act.

7. The minister may, in his discretion, issue Crown dispositions with respect to all or any one or more of or any portion of any of the geological strata comprising the Crown mineral lands or with respect to all or any one or more of the Crown minerals that may be found upon, in or under the Crown mineral lands.

8. No holder of a Crown disposition who is in arrears for royalties or other payments owing to the Crown in connection with a Crown disposition may be issued any Crown disposition and no Crown disposition or interest therein shall be transferred to that holder so long as such arrears are outstanding and the department shall refuse to register or record any transfer of a Crown disposition or of any interest therein to that holder or from that holder to any other person so long as the arrears are outstanding.

9. The rights to and interests of a holder in any Crown mineral or any Crown mineral lands that are granted or acquired under a Crown disposition issued under this Act and

the duties and obligations of the holder with respect to the Crown disposition shall be those set out in the Crown disposition and in this Act or the regulations relating to that Crown disposition, and the rights, interests, duties and obligations with respect to Crown dispositions, both issued and unissued, may be amended or varied from time to time in accordance with amendments to this Act or the regulations.

10. Any Crown disposition issued under this Act or under any predecessor statute may be cancelled by the minister if there has been a breach by the holder of any of the provisions of the Crown disposition or any of the provisions of this Act or the regulations relating to the Crown disposition.

Transitional

11. Where a Crown disposition issued under or pursuant to any predecessor statute is outstanding on the day this Act comes into force, that Crown disposition shall be deemed to be issued under this Act for the remainder of its then current term but shall be deemed to expire at the end of that term.

12.- (1) Notwithstanding section 11, the rights, interests, duties and obligations of a holder of a Crown disposition to

which section 11 applies, prior to the expiry thereof in accordance with that section, shall be those rights, interests, duties and obligations set out in the Crown disposition or in the predecessor statute under or pursuant to which it was issued, except as or to the extent that such rights, interests, duties or obligations are expressly varied or modified in this Act or the regulations.

(2) If a holder of a Crown disposition to which section 11 applies would have been entitled to renew or extend the term of the Crown disposition or to convert the Crown disposition to another category of Crown disposition upon the expiry of the Crown disposition but for the provisions of section 11, then upon the expiry of the Crown disposition and the fulfilment by the holder of all applicable terms and conditions for the renewal, extension or conversion, the minister shall issue to the holder a Crown disposition under this Act.

Removal of Crown Minerals

13. Except as may be permitted by the regulations or under the authority of and in accordance with a Crown lease issued under this Act, no Crown minerals shall be extracted, recovered or produced from any Crown mineral lands.

Crown Leases

14. Except as otherwise provided in the regulations, every Crown lease issued under this Act shall except and shall reserve to the Crown a royalty or royalties upon all Crown minerals that may be extracted, recovered or produced under that Crown lease.

15. Every Crown lease issued under this Act shall provide that:

(a) the royalty or royalties excepted and reserved to the Crown thereunder shall be calculated in the manner and at the rate or rates provided from time to time in the regulations; and

(b) the royalty or royalties shall be paid in money or delivered in kind, as the case may be;

in the manner and at the time or times provided from time to time in the regulations.

Transfers and Security Interests

16. The Lieutenant Governor in Council may make regulations and orders not inconsistent with this Act providing for:

(a) the registration of Crown dispositions issued under this Act or under a predecessor statute;

(b) the registration of transfers of Crown dispositions or interests in Crown dispositions;

(c) the creation and registration of security interests in Crown dispositions;

(d) the registration of or notice of any other document, instrument or order;

(e) the determination of priority between an unregistered instrument and a registered instrument or between two or more registered instruments; and

(f) the application to a court of competent jurisdiction to require a person to comply with a demand for information relating to a security interest in a Crown disposition.

- - - **General**

17. Where the minister determines it to be in the public interest, he may enter into agreements respecting unit operations whereby Crown mineral lands in any described area are merged, consolidated or integrated with other Crown mineral lands or with mineral lands owned by any other person, or both, in the described area for the purpose of being operated as a unit for:

(a) the development or production of a mineral upon, in or under the described area, or any specified strata or portion thereof within the described area;

(b) the implementation of a program for the development, conservation or management of the mineral or the co-ordinated management of interests in the mineral; or

(c) the calculation of royalties excepted and reserved to the Crown.

18. No Crown disposition issued under this Act shall authorize any person to enter upon or use the surface of the Crown mineral lands to which the Crown disposition applies.

19. Where the cancellation or any loss of rights has occurred with respect to any Crown disposition, the minister may make an order, upon such terms as he deems just, relieving the person in default from the cancellation or loss of rights, and upon compliance with the terms, if any, so imposed, the rights cancelled or lost shall be revested in the person so relieved, but subject to any intervening right of any person arising subsequent to the default sought to be remedied and prior to the order of the minister.

20.- (1) The minister may withdraw any Crown mineral lands from the Crown mineral lands available for Crown disposition and so long as such lands remain so withdrawn, the minister shall not issue a Crown disposition under this Act except pursuant to clause 5(b).

(2) The minister may re-open for Crown disposition any Crown mineral lands so withdrawn.

(3) Notice of the withdrawal or the re-opening of Crown mineral lands for Crown disposition shall be published in the Saskatchewan Gazette.

21.- (1) For the purpose of carrying out the provisions of this Act according to its intent, the Lieutenant Governor in Council may make regulations:

(a) defining any word or expression used in this Act;

(b) prescribing anything that is, by this Act, to be prescribed by regulation or is to be determined or regulated by regulation;

(c) providing for the delegation of any of the powers and duties of the minister under this Act to any officer or officers of the department named or designated in the regulations;

(d) creating mining districts and regulating the recording of Crown dispositions in any part of Saskatchewan;

(e) transferring to the person entitled thereto mineral rights that have heretofore been or are hereafter transferred or forfeited or otherwise become vested in the Crown;

(f) governing the assignment or transfer of any Crown disposition issued or to be issued under this Act;

(g) requiring the preparation and delivery to the minister of reports and statements regarding the extraction, recovery or production of any Crown mineral or the operations of any mine or well from which any Crown mineral is extracted, recovered or produced, or any activities carried out under any Crown disposition, or the results of any of those activities, or any other matter upon which information may be required from time to time for the purposes of this Act or the regulations;

(h) prescribing the rate or rates of royalties excepted or reserved to the Crown under any Crown

lease and the manner of calculation thereof and the form of payment thereof;

(i) prescribing the rents, fees, dues or other charges to be paid for or under a Crown disposition, or for any other right or privilege granted or to be granted under this Act or the regulations;

(j) requiring minerals, mineral ores and mineral bearing substances extracted from Crown mineral lands to be treated and refined in Saskatchewan;

(k) governing the keeping and disposing of cores, cuttings and samples obtained in exploration for or development of any mineral resource; and

(l) respecting any other matter that he considers necessary or advisable to carry out effectively the intent and purpose of this Act.

(2) Without restricting the generality of subsection (1), the Lieutenant Governor in Council may make regulations from time to time to vary or modify any of the rights, interests, duties or obligations under a Crown disposition issued under or pursuant to any predecessor statute to the same extent and with the same force and effect as if the Crown disposition had been issued under this Act.

(3) Any regulation made from time to time under clause (h) or clause (i) of subsection (1) may be made retroactive to, and in such case shall have full force and effect on, from and after the date specified in the regulation and any other regulation made from time to time under this Act may be made retroactive to, and in such case shall have full force and effect on, from and after, the day this Act comes into force or such later date as is specified in the regulation.

Crown-acquired Lands

22.- (1) In this section:

(a) "lease" includes a profit-a-prendre or agreement giving the right to take any of the acquired oil or gas rights with respect to which a caveat has been filed or interest in such a lease, profit-a-prendre or agreement with respect to which a caveat has been filed;

(b) "oil and gas rights" includes any share or interest therein; and

(c) "owner" means the person who had an estate in fee simple in oil and gas rights that were vested in Her Majesty the Queen in right of the Province of Saskatchewan by virtue of section 27 of The Oil

and Gas Conservation, Stabilization and Development Act immediately prior to the vesting of such rights in Her Majesty the Queen in right of the Province of Saskatchewan.

(2) All oil and gas rights acquired by the Crown under section 27 of The Oil and Gas Conservation, Stabilization and Development Act are held in fee simple from the first day of January, 1974, and subject to such encumbrances, liens, estates, or interests as were endorsed on the certificate of title thereto under The Land Titles Act on the 10th day of December, 1973, absolutely free from all other encumbrances, liens, estates, or interests whatever and the lessee or other person having an interest shall continue to enjoy the benefits thereof subject to:

(a) the fulfilment of any terms or conditions attached thereto;

(b) the payment of royalties in kind when requested by the minister; and

(c) compliance with all regulations applicable to such interests heretofore or hereafter enacted under The Oil and Gas Conservation Act.

(3) The owner of oil and gas rights acquired by the Crown under The Oil and Gas Conservation, Stabilization and

Development Act who has leased the oil and gas rights to another person shall be entitled to compensation as hereinafter set forth:

(a) compensation payable hereunder shall be based on the owner's royalty interest in the oil and gas rights as set out in any lease or disposition of the oil and gas rights expressed as his share of the remaining proven recoverable reserves based on determinations made by the minister;

(b) the compensation payable hereunder shall be an amount:

(i) in the case of oil rights, calculated by applying the appropriate value per unit set out in subsection 6 to his share of the proven recoverable reserves; or

(ii) in the case of gas rights, calculated by applying the well-head price in effect on December 10, 1973, or where no well-head price was established, on the average of well-head prices in the pool in which the producing tract is located or if the producing tract is not located in a pool, in the nearest producing pool of similar

characteristics on the said date to his share of the remaining proven recoverable reserves determined in accordance with clause (a);

(c) payment of compensation shall be made in the following manner at the option of the person entitled to compensation under this Act:

(i) by the issue of a royalty trust certificate providing the owner with a royalty for the remaining producing life of the well or wells producing the recoverable reserves in the relevant producing tract. The royalty shall be determined on the production taken from the producing tract and at the royalty established in the lease and at the appropriate unit value used to determine the compensation payable in clause (b); or

(ii) by a lump sum payment based on the amount of compensation determined in accordance with clause (b) discounted by a factor equivalent to the Bank of Canada prime lending rate as at December 10, 1973, applied to a period determined by the minister.

(4) The owner of oil and gas rights acquired by the Crown under The Oil and Gas Conservation, Stabilization and Development Act who has not leased the oil and gas rights to another person shall be entitled to compensation as hereinafter set forth:

(a) payment of compensation shall be made in the following manner at the option of the person entitled to compensation hereunder:

(i) by the issue of a royalty trust certificate providing the owner with a royalty for the remaining producing life of the well or wells producing the recoverable reserves in the relevant producing tracts. The royalty shall be determined on the production taken from the producing tract and at the appropriate royalty rate established under provisions of The Petroleum and Natural Gas Regulations, 1969, as amended or substituted from time to time and:

(A) in the case of oil rights at the appropriate unit value of remaining recoverable reserves set out in subsection 6; or

(B) in the case of gas rights at the well-head price in effect on December 10, 1973, or where no well-head price was established, on the average of well-head prices in the pool in which the producing tract was located or if the producing tract is not located in a pool in the nearest producing pool of similar characteristics on the said date;

(ii) by a lump sum payment where the minister shall determine the share of the remaining proven recoverable reserves on which compensation is to be made and shall determine the value thereof in the same manner as set out in clause (3)(b) and discounted in the same manner as set out in subclause (3)(c)(ii).

(5) The determination by the minister of:

(a) the remaining proven recoverable reserves of oil and gas under clause (3)(a); and

(b) the period to be determined under subclause (3)(c)(ii);

shall be final and conclusive and shall not be reviewable by any court of law or by any certiorari, mandamus, prohibition, injunction or other proceeding whatever.

(6) For the purposes of clauses (3)(b) and (4)(a), the values per unit shall be as follows:

Lloydminster area	$18.248 per cubic metre of heavy crude oil
Kindersley-Kerrobert area	$19.947 per cubic metre of heavy crude oil
	$23.345 per cubic metre of light crude oil
Swift Current area	$20.198 per cubic metre of medium crude oil
Weyburn-Estevan area	$21.771 per cubic metre of medium crude oil
	$23.911 per cubic metre of light crude oil

(7) Where no lease exists in respect of oil and gas rights acquired by the Crown under The Oil and Gas Conservation, Stabilization and Development Act, the minister shall issue to the owner a lease under The Petroleum and Natural Gas Regulations, 1969, as amended or

substituted from time to time, allowing continuation of production.

(8) The minister may acquire by way of purchase or surrender any lease affecting oil and gas rights acquired by the Crown under The Oil and Gas Conservation, Stabilization and Development Act on such terms as may be agreed upon.

Offences and Penalties

23.- (1) Where, contrary to this Act, any person obstructs the minister or any officer of the department in the performance of any of his duties under this Act, the minister may apply ex parte to a judge of Her Majesty's Court of Queen's Bench for Saskatchewan, and the judge may enjoin that person from such obstruction.

(2) Every person who:

(a) explores for or develops any mineral resource, or who operates any mine or well otherwise than in accordance with this Act and the regulations;

(b) unlawfully defaces, alters, removes or disturbs any post, stake, boundary line, figure, writing or other mark lawfully placed, standing or made under this Act or the regulations;

(c) unlawfully obstructs an officer of the department in the execution of his duties;

(d) fraudulently marks or stakes out in whole or in part a Crown disposition area;

(e) knowingly:

(i) makes or signs a false statement in connection with an application for a Crown disposition;

(ii) furnishes any false or incorrect information to the minister or to any officer of the department with respect to any matter or thing with respect to which information is required under this Act or the regulations; or

(iii) keeps, causes or permits to be kept any false or incorrect books of account or other records regarding anything required under this Act or the regulations; or

(f) unlawfully contravenes any provision of this Act or any regulation or order made thereunder for the contravention of which no other penalty is provided;

is guilty of an offence and liable on summary conviction to a fine of not more than $5,000, if an individual, or more than $25,000, if a corporation, and in the case of a

continuing offence to a further fine not exceeding $200, if an individual or $1,000, if a corporation, for each day during which the offence continues.

(3) If a corporation has committed an offence provided for in this Act or in the regulations, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence is a party to and guilty of the offence and is liable on summary conviction to the punishment provided for the offence, whether or not the corporation has been prosecuted or convicted.

24. No prosecution for an offence under this Act or the regulations or orders made hereunder shall be commenced more than one year after the date on which the offence is alleged to have been committed.

25. No prosecution for an offence under this Act or the regulations or orders made hereunder shall relieve the person prosecuted from any civil action for damages at the suit of a person who has suffered damage, loss or injury in consequence of the offence.

26. This Act comes into force on a day to be fixed by proclamation of the Lieutenant Governor.

POOR

QUALITY

ORIGINAL